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**Eastdale Village Water-Works Corp.**

*Water System Narrative*

Eastdale Village is a new, mixed-use Town Center development located in the Town of Poughkeepsie. The Project consists of a mix of multi-family buildings, retail, restaurant and office buildings and civic spaces, subdivided into 14 fee simple parcels. Construction of the entire project is estimated to take approximately 5 years.

The project lies entirely within the Town of Poughkeepsie Water District. The Town however will not service and bill the referenced properties separately. This required the formation of a Water-Works Corp., to redistribute the water purchased from the Town of Poughkeepsie to the properties that make up the Project. All of the properties to be served are presently owned, in whole or in part, by MHTC Development, LLC, the same entity that holds all of the shares of the Eastdale Village Water-Works Corp. There are estimated to be 60 individual commercial users within the 14 parcels that make up the Project, consisting of approximately;

- 20 Apartment Buildings
- 11 Medical & Professional Offices
- 8 Food Service Establishments
- 3 Financial Institutions
- 1 Day Care
- 8 General Retail
- 6 Service Businesses
- 1 Community Center
- 1 Mail Building
- 1 Maintenance Building

The Eastdale Village Water-Works Corp. was formed on 12/12/2018 to purchase water from the Town of Poughkeepsie and redistribute that water to these commercial users. The Water-Works Corp will not serve or bill any residential users directly.



A Meter Charge will be assessed against each user based upon their meter size. This charge is based on the non-variable costs of operation, maintenance, management and repair (OMMR) and includes a return on investment. This Service Charge will be billed regardless of actual usage.

Customers will be charged for actual usage. The usage rate will be equal to the rate charged by the Town of Poughkeepsie (presently \$2.50/100 cf or \$3.34/1,000 gals.), plus 15% to account for unmetered usage including fire flows, flushing, and loss and unaccounted-for water. The proposed initial rate is \$3.84/1,000 gals. This rate will be adjusted proportionately with any rate increases imposed by the Town of Poughkeepsie.

A Fire Suppression Charge is proposed to be assessed against those customers with an unmetered fire suppression system to account for availability of service and unmetered water usage as follows:

- Type 13 sprinkler systems - \$1.0 / 100 sf of covered area or any portion thereof.
- Type 13 sprinkler system - \$0.25/ 100 sf of covered area or any portion thereof.

A typical user, occupying a 2,000-sf restaurant with a 2" domestic water meter, a Type 13 fire suppression system covering all 2,000-sf and an average usage of 1,200 gallons per day would pay \$2,523/year.

• Meter Charge:	$\$50 \times 12 =$	\$600
• Fire Suppression Charge:	$\$1.00 \times 2,000/100 \times 12 =$	\$240
• Usage Charge:	$\$3.84 \times 1,200/1000 \times 365 =$	<u>\$1,683</u>
○ Total Annual Charge:		\$2,523

**Eastdale Village Water-Works Corp.**  
**Projected Annual Income Statement at Full Development**

	<u>At Full Development</u>		
	<b>Variable Costs</b>	<b>Non-Variable Costs</b>	<b>Total</b>
<b>Number of Customers at final build-out</b>			60
<b>Revenue From water Sales</b>			
Metered Sales			\$128,318
Fire Suppression			27,000
<b>Total Operating Revenues</b>			<u>\$155,318</u>
<b>O&amp;M Expenses:</b>			
Supervising & Operating Labor			
Supervision and Officers' Salaries		\$5,000	\$5,000
<b>Operating Expenses:</b>			
Purchased Water	\$105,218		105,218
Materials & Supplies		2,000	2,000
Purchased Energy			0
Repairs & Maintenance		7,500	7,500
Water Testing		500	500
Transportation Expense			0
<b>Administrative Expenses:</b>			
Bank Charges		500	500
Insurance		2,500	2,500
Office Expenses:			
Postage and office expense		360	360
Printing (bills)		360	360
Rent		3,000	3,000
Salaries, Office		3,000	3,000
Billing, Bookkeeping, and Collecting		2,000	2,000
Meter Reading		3,600	3,600
Supplies		500	500
Telephone & Internet		720	720
Professional Fees			
Accounting		1,500	1,500
Consulting		0	0
Engineering		0	0
Legal		0	0
Regulatory Expense			0
Miscellaneous Expense		1,000	1,000
<b>Total O&amp;M Expenses</b>	<b>\$105,218</b>	<b>\$34,040</b>	<b>\$139,258</b>
Depreciation		1,470	1,470
Regulatory Expense, Amortized		3,333	3,333
<b>Total Depreciation and Amortizations</b>	<b>\$0</b>	<b>\$3,333</b>	<b>\$4,803</b>
<b>Operating Taxes:</b>			
Real Estate		\$0	\$0
Revenue Taxes or other taxes		0	0
<b>Total Operating Taxes</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Operating Expenses</b>	<b>\$105,218</b>	<b>\$37,373</b>	<b>\$144,061</b>
<b>Utility Operating Income</b>			\$11,257
<b>Rate Base</b>		\$115,223	\$115,223
<b>Rate of Return</b>		9.5%	9.8%
<b>Net Income Required</b>		\$10,946	

**Eastdale Village Water-Works Corp.**  
**Rate Base, Depreciation, and Amortizations**

Rate Year Ending 1/1/2021

Rate Base Funded From Equity		Cost	Contributed by Developer	Net Utility Plant	Life	Annual Deprc %	Annual Depreciation Expense	Years In Service	Accumulated Depreciation
7/1/2014	<b>Land (Easement)</b>	\$1,000	\$1,000	\$0					
	<b>Organization Costs, including Franchises</b>	10,000	10,000	\$0					
1/1/2020	Meters, including Master Meter	100,000	80,000	\$20,000	30	3.33%	\$666	0.5	\$333
1/1/2020	<b>Hydrants/Blow Offs</b>	10,000	5,000	\$5,000	60	1.67%	\$84	0.5	\$42
	<b>Mains, Water</b>								
1/1/2020	Water Mains	10,000	9,000	\$1,000	50	2.00%	\$20	0.5	\$10
1/1/2020	Valves	200,000	130,000	\$70,000	100	1.00%	\$700	0.5	\$350
1/1/2020	Valves and Valve Boxes, etc.	0		\$0	50	2.00%	\$0	0.5	\$0
1/1/2020	Curb Stop				40	2.50%	\$0	0.5	\$0
	<b>Power &amp; Pumping Equipment</b>								
	<b>Purification System</b>								
	<b>Storage Tank</b>				50	2.0%	\$0		\$0
	<b>Office Furniture &amp; Equipment</b>								
1/1/2020	Computers					5	20.00%	0.5	\$0
1/1/2020	Software, Meter Reading					5	20.00%	0.5	\$0
1/1/2020	Software, Mapping								
	<b>Vehicles</b>								
	<b>Total</b>	<u>\$331,000</u>	<u>\$235,000</u>	<u>\$96,000</u>			<u>\$1,470</u>		<u>\$735</u>
Percent Capitalized				29%					

**Average Rate Base for Year Ending 1/1/2021**

<u>Utility Plant in Service</u>		\$96,000
Less:	Accumulated Depreciation	735
Net Plant		<u>\$95,265</u>

Allowance for Cash Working Capital (CWC)

O&M Expenses		\$139,258
Less: 50% of Purchased Water	\$105,218	(52,609)
Less: Insurance - General Liability		(2,500)
Total Expenses for CWC Allowance		<u>\$84,149</u>
% Allowance for CWC: ((30/2) +30)/365	12.33%	
Cash Working Capital Allowance From O&M		\$10,375
Additions:		
50% of Pre-Paid Insurance	\$2,500	1,250
50% of Pre-Paid Taxes		<u>0</u>
		\$11,625

Amortization

Rate Case Expense		\$10,000
Amortization Period (yrs.)	3	
Annual Amortization		\$3,333
Average of Amortization collected in 1st rate year		<u>1,667</u>
Unamortized Balance		8,333
<b>Total Rate Base</b>		<u>\$115,223</u>

**Eastdale Village Water-Works Corp.**  
**Revenue Requirement, Sales, and Rates**

**Revenue Requirement**

<b>Total Operating Expenses</b>		\$144,061	
<b>Net Income Required</b>			
<b>Rate Base</b>	<b>\$115,223</b>		
<b>Pre-Tax Rate of Return</b>	<b>9.50%</b>		
<b>Utility Operating Income</b>		10,946	
<b>Total Revenue Required</b>			<b>\$155,007</b>

**Metered Rate for Usage:**

Number of Customers at full build-out	60		
<b>Usage:</b>			
Average Daily Usage per Customer	1,250		
Total Annual Average Usage (gallons)	456,250		
Total Water Used (gallons)		27,375,000	
Plus: Flushing and Lost and Unaccounted for Water	15%	4,106,250	
Total Water Purchased		31,481,250	
Rate per Thousand Gallons for Purchased Water			
	\$2.50 /100 cf		
	\$3.34 /1,000 gals.		
Annual Charge for Purchased Water		\$105,218	
Capital Charge by Town of Poughkeepsie			
Annual Capital Charge per unit	\$0.00	0	
<b>Total Cost for Purchased Water</b>			<b>\$105,218</b>
<b>Rate per 1,000 gallons</b>			
<b>Total Metered Usage</b>	27,375,000		
<b>Metered Rate (per 1,000 gallons)</b>		<b>\$3.84</b>	
<b>Total Projected Sales from Usage</b>			<b>\$105,218</b>

	<b>Rate per 100 sq. ft</b>	<b># of Square Feet</b>	<b>Monthly Charge</b>	<b>Annual Revenue</b>	
<b>Fire Suppression Charge:</b>					
Sprinkler Type					
13-R -- Residential Fire Service Rate	\$0.25	480,000	\$1,200	\$14,400	
13 -- Commercial Fire Service Rate	\$1.00	105,000	\$1,050	12,600	
Total Fire Suppression Revenue					<b>\$27,000</b>

**Meter Service Charge:**

<b>Meter Size</b>	<b># Customers</b>	<b>Monthly Meter Charge (Sch.4)</b>	<b>Total Monthly Collected</b>	<b>Total Annual Charge</b>	
3/4"	19	<b>\$8.00</b>	\$152.00	\$1,824.00	
1"	14	<b>\$12.00</b>	\$168.00	2,016.00	
1 1/2"	12	<b>\$25.00</b>	\$300.00	3,600.00	
2"	8	<b>\$50.00</b>	\$400.00	4,800.00	
3"	6	<b>\$110.00</b>	\$660.00	7,920.00	
4"	1	<b>\$245.00</b>	\$245.00	2,940.00	
6"	0	<b>\$490.00</b>	0.00	0	
	60		\$1,925.00		<b>\$23,100</b>
<b>Total Revenue</b>					<b>\$155,318</b>

**Proof:**

	<b>Annual</b>
Meter Charges	\$23,100
Metered Sales (Gallons)	27,375,000
Rate per Thousand Gallons	<b>\$3.84</b>
Charges for Metered Usage	105,218
Total Metered Revenue	\$128,318
Fire Suppression Charge	27,000
<b>Total Revenue</b>	<b>\$155,318</b>

## Eastdale Village Water-Works Corp. Meter Service Charge

<b>Total Revenue Required</b>	<b>\$155,007</b>
Less:	
Total Projected Sales from Usage	(105,218)
Total Fire Suppression Revenue	(27,000)
Revenue to Be Collected From Meter Charge	<u><b>\$22,789</b></u>

### Meter Service Charge:

Meter Size	Meter Capacity	Meter Capacity Factor	# Customers	Aggregate Demand / Meter Size	% Revenue to Be Collected by Meter Size	Revenue to Be Collected by Meter Size	Annual Meter Charge Before Smoothing	Monthly Meter Charge Before Smoothing	Monthly Meter Charge	Total Monthly Collected	Total Annual Charge
3/4"	30	1.00	19	19.00	7.34%	\$1,671.78	\$87.99	\$7.33	<b>\$8.00</b>	\$152.00	\$1,824.00
1"	50	1.67	14	23.33	9.01%	2,053.06	\$146.65	\$12.22	<b>\$12.00</b>	168.00	2,016.00
1 1/2"	100	3.33	12	40.00	15.44%	3,519.54	\$293.29	\$24.44	<b>\$25.00</b>	300.00	3,600.00
2"	200	6.67	8	53.33	20.59%	4,692.72	\$586.59	\$48.88	<b>\$50.00</b>	400.00	4,800.00
3"	450	15.00	6	90.00	34.75%	7,918.96	\$1,319.83	\$109.99	<b>\$110.00</b>	660.00	7,920.00
4"	1000	33.33	1	33.33	12.87%	2,932.95	\$2,932.95	\$244.41	<b>\$245.00</b>	245.00	2,940.00
6"	2000	66.67	0			0.00			<b>\$490.00</b>	0.00	0.00
			60	259.00	100.00%	\$22,789				\$1,925.00	\$23,100.00